



U.S. Department of Justice
United States Attorney
Eastern District of Wisconsin

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PRESS RELEASE

July 5, 2011

Mortgage Loan Appraiser Sentenced to Prison

United States Attorney James L. Santelle announced that on June 30, 2011, United States District Judge Lynn S. Adelman sentenced John F. Hochrek, Jr., 50, of Spring Grove, Illinois, to 6 months in prison for his role in a mortgage fraud scheme involving at least 44 residential properties and millions of dollars of loss. Hochrek pled guilty on March 14, 2011, to one count of conspiracy to commit wire fraud, in violation of Title 18, United States Code, Section 371. His prison sentence will be followed by three years of supervised release. While on supervised release, Hochrek must serve 6 months of home confinement with electronic monitoring. Hochrek also will be required to pay restitution in an amount to be determined by the court.

According to court records, the fraud scheme giving rise to this case was orchestrated by mortgage broker Paul Zaleski, 62, formerly of Twin Lakes, Wisconsin, and Antioch, Illinois. According to court records, Zaleski, who operated First Security Financial Services, solicited investors to purchase properties with the promise that they would reap large profits upon resale. In reality, the values were inflated to create excess funds that were funneled to shell companies organized by Zaleski and his associates. Multiple lenders were induced to fund loans to unqualified buyers for properties in amounts greater than the actual value. Eventually, the properties went into foreclosure, resulting in substantial losses.

Hochrek participated in the scheme as a licensed appraiser (doing business as Tri-County Appraisals in Wisconsin and Illinois) and as a real estate agent. Hochrek provided inflated appraisals for approximately 37 properties and negotiated sales contracts for approximately 15 of the properties, knowing that their values would be falsely inflated.

Other individuals convicted of criminal offenses in this case included: Zaleski; Thomas Pembroke, 47, of Twin Lakes; Robert Farrell, 32, of Mundelein, Illinois; and Patricia Kay, 49 of Kenosha. Kay, a straw buyer and partner in one of the shell companies, previously was sentenced to 3 years' probation conditioned on 6 months' home confinement. She also was ordered to pay a fine of \$3,500. Zaleski, Pembroke and Farrell are scheduled for sentencing later this year.

This case was investigated by the Criminal Investigation Division of the Internal Revenue Service and the Federal Bureau of Investigation and is being prosecuted by Assistant United States Attorney Carol L. Kraft.

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